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SUBJECT: GOC PRESIDENT CHRISTOFIAS PREPARES THE GROUND FOR
ANNOUNCEMENT OF DIRECT TALKS

¶1. (SBU) Summary: In a July 8 press conference, President Christofias stated that his three meetings with Turkish Cypriot leader Talat have fully clarified the basis for full-fledged negotiations - a lingering concern for the G/C leader. He also argued that the Working Groups and Technical Committees (WGs and TCs) have achieved progress and convergence on many important issues. His statements were largely interpreted as an indirect announcement of the commencement of full-fledged negotiations, an assumption, however, denied by the Government spokesman. Christofias outlined his strategy for success, and, no less importantly, explained to the largely-uninformed G/C public what they could expect from a federation: two states with equal status and powers and a federal republic co-governed by the two communities. The press conference satisfied the two major parties, governing AKEL and opposition DISY, which fully supports Christofias's solution efforts. Christofias's partners in the government, DIKO and EDEK, however, disagreed that the basis of the talks has been clarified and the WGs have made progress. Turkish Cypriot attention focused mainly on his analysis of the federal system; reaction was mixed but largely negative, with fears of T/Cs being subsumed in a G/C-dominated federation holding sway. End Summary.

CHRISTOFIAS: BASIS FOR NEGOTIATIONS HAS BEEN AGREED UPON

¶2. In a July 8 press conference--ostensibly to take stock of his first 120 days in office but really focused on CyProb issues--Cypriot President Demetris Christofias confidently declared that his three meetings with Turkish Cypriot leader Mehmet Ali Talat had produced a clear basis for the direct talks: an agreement that a solution will be based on a bizonal, bicomunal federation, with political equality, single international personality, single sovereignty and single citizenship as explained in the leaders' three agreements of March 21, May 23, and July 1. Christofias rejected claims that there has been no progress in the Working Groups and Technical Committees, stating that there in fact had been progress and convergence on many important points. He expected more progress in the next 15 days before his July 25 meeting with Talat when, he said, the two leaders will make a final assessment and decide to start direct talks or not. Christofias said that on July 25 he will address the Greek Cypriots to explain his views on that decision.

EXPLAINING HOW TO SUCCEED...

¶3. Christofias reiterated that the top priority of his presidency is a Cyprus settlement to reunite the country, its people and the economy through a bizonal, bicomunal federation. His strategy for achieving this goal was cooperation with the Turkish Cypriot community and the revival of international interest in the Cyprus problem. His meeting with Talat on March 21--and the consequent decision to open Ledra Street--was the starting point of this journey, he said. It brought the two communities closer and sent the message to the international community that the two leaders

sought reunification.

¶4. Reversing the negative international climate and enlisting the collective support of the UN Security Council and the EU were crucial for the success of the settlement efforts, according to Christofias. He thought there were already good indications that the climate was becoming more positive, citing the recent UNSC resolution on Cyprus, the statement of the President of the UNSC, and the speech of EU Commission President Barroso before the Turkish Grand National Assembly, where he called on Turkey to meet its obligations towards Cyprus and cooperate for a Cyprus solution. He said the signing of the June 5 UK-Cyprus MOU restored and deepened relations "with an important partner" that had turned sour last year after the signing of a similar MOU between the UK and Turkey. [Note: The UK-Cyprus MOU omitted language from the May 23 leaders' statement on "two equal constituent states" and caused neuralgia among T/Cs. End Note.] He thought it was important that the UN and all other interested parties accepted that a solution will be found by the Cypriots for the Cypriots.

¶5. Despite the optimism that generally dominated his press conference, Christofias was careful to point out that reaching a solution will be difficult and would require time and relentless effort. He said setting a timeline for conclusion of the talks was out of the question, given the distance separating the two sides on certain issues. He also ruled out arbitration, saying that it proved a "catastrophe" in 2004. [Note: Both sides had agreed to arbitration during the Annan Process. End Note] Asked how he planned to proceed if the two leaders were unable to announce the start of direct talks on July 25, Christofias clearly responded that he had no Plan B, but rather would just keep on trying to create the conditions for the start of direct negotiations.

NICOSIA 00000529 002 OF 003

...AND THE BASICS OF A FEDERAL SYSTEM

¶6. In an unusually straightforward manner, Christofias spelled out to the Greek Cypriot public the basics of the federal system. "It is about time we digest that we will have a federation ... a bizonal, bicomunal federation and this means two states with equal status and equal powers," said Christofias. He rejected, though, the understanding of the the Turkish Cypriot position that the federal state will be formed through the merger of the ROC and the "TRNC." He said the ROC belongs to both communities and "the objective is to reintegrate the two communities into it, to co-govern the ROC, which will be turned into a federal, bizonal, bicomunal republic." Christofias criticized those who pay lip service to a bizonal, bicomunal federation while all the while adopting positions that are compatible only with a unitary state. Christofias also defended the much-disputed term "partnership," language used in the May 23 leaders' agreement for which he faced much criticism from G/C naysayers, including in his own coalition. He said the two communities formed a partnership in 1960 and the goal now was to renew this partnership "having in mind that we, the Greek Cypriots, i.e., the (Greek) junta and EOKA B, bear a huge responsibility for the catastrophe that followed."

G/C POLITICAL PARTY REACTION

¶7. Political party reaction played out along predictable lines. Christofias's party, AKEL, and opposition Democratic Rally (DISY) expressed satisfaction with the President's handling of the Cyprus issue and agreed with the President that the basis of the talks has been clarified and that the WGs and TCs had made progress. DISY stated that it was looking forward to the July 25 Christofias-Talat meeting and hoped that the evaluation of work to date would allow the start of direct talks. DISY added that the difficult issues could be tackled only by the two leaders. However, AKEL's partners in the Government, centrist Democratic Party (DIKO) and socialist EDEK, did not fully agree with Christofias. Both parties thought that the basis for the full-fledged negotiations has yet to be

adequately clarified, and argued that the WGs have not as yet made substantive progress in bridging differences. Nevertheless, they both expressed support for the President's efforts and hoped that enough progress could be made to allow the start of negotiations.

18. The majority of the Greek Cypriot press interpreted Christofias's remarks as an indirect announcement of the start of direct talks. The reports prompted Government spokesman Stephanou to issue a denial on July 9 and say that the final decision depends entirely on the July 25 assessment of the work of the WGs and TCs.

TURKISH CYPRIOTS REACT WITH DISTRUST

19. Turkish Cypriot reaction to Christofias's remarks was varied but mostly negative. Even though major circulation KIBRIS and pro-"ruling" CTP YENIDUZEN appeared satisfied with Christofias's statement that the federation will consist of two equal states, CTP General Secretary Omer Kalyoncu, a seasoned and pro-solution politician, told Pol LES that he was deeply worried over Christofias's intentions. He said what Christofias is talking about is, in reality, a unitary state, a slightly-modified old ROC with the Turkish Cypriots returning to it. What he described, argued Kalyoncu, is a federal government that will control everything, while the two "constituent states" will be denied the right to "sovereignly" exercise the powers vested in them, quoting the language of the Annan plan that the T/Cs want dearly. He also remarked that Christofias's thinking "sounds worse than Papadopoulos's." Similar views were expressed by conservative academic Ata Atun in an article in KIBRIS. He charged that Christofias really wants to alter superficially the 1960 ROC constitution and to have the Turkish Cypriots return under Greek Cypriot sovereignty but never as equal or sovereign partners.

110. The majority of the Turkish Cypriot papers were also annoyed by Christofias's statement that the key to a solution lies in Ankara. His statement that one of his primary goals was to end the occupation of Cyprus also did not go down well with the Turkish Cypriot press.

COMMENT

110. (SBU)Undoubtedly Christofias's optimism was meant not only to prepare the public for the announcement of the start of direct talks, but, and probably more importantly, to undercut the anticipated negative reaction of his partners in the government, the

NICOSIA 00000529 003 OF 003

largely anti-solution EDEK and DIKO. Reactions to the press conference were a preview of likely actions in coming months G/C Party: support from AKEL-DISY, and lame opposition from DIKO and EDEK in the hope that they can continue to advocate hard-line positions while remaining in the government. The most hard-line of the lot, though, including former President Papadopoulos and his closest followers, can be expected to step up the tone of their criticism once the direct talks are announced. We will report septel with a more in-depth analysis of T/C reactions.
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